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NEWS

Illinois Department of Insurance

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Study Finds Illinois Leads the Nation in Workers' Comp Insurance Savings

Oregon Study Analyzes Rates in 50 States & Highlights Sharp Reduction in Illinois Workers' Compensation Costs

CHICAGO – The administration of Governor Pat Quinn, the Illinois Workers' Compensation Commission and the Department of Insurance (DOI) announced today that a national study has provided additional evidence that Illinois' historic workers' compensation reforms are delivering major savings for businesses across the state. The biennial report by the Oregon Department of Consumer and Business Services shows Illinois recorded the sharpest reductions in workers' compensation insurance premiums in the nation over the last two years.

"Illinois' economy is making a comeback, and the historic workers' compensation reforms we enacted in 2011 are a key part of it," Governor Quinn said. "This new study shows once again that these critical reforms are making Illinois is a national leader in reducing workers' compensation costs."

The new study comes just weeks after another report found workers' compensation costs in Illinois have dropped 19.3 percentage points, for a savings of more than \$450 million, since workers' compensation reforms championed by Governor Quinn were enacted in 2011.

The Oregon study - http://www.oregon.gov/DCBS/docs/news_releases/2014/workers-comp-rate-study-14.pdf - ranks all 50 states and the District of Columbia by the amount insurance premiums rose or dropped in the last two years. It highlights that Illinois had the steepest reduction in workers' compensation rates when compared to the median, with an estimated rate drop of 24 percentage points between 2012 and 2014 (*see chart below*), compared to the national median reduction of only 2 percent.

The report shows Illinois employers workers' compensation premiums dropped from \$2.83 per \$100 of payroll in 2012 to \$2.35 in 2014. This means hundreds of millions of dollars in savings for Illinois businesses.

"The Oregon study demonstrates that Workers' Compensation insurance premiums in Illinois have been reduced more than any other state over the last two years," Workers' Compensation Commission Chairman Michael Latz said. "This premium reduction demonstrates decisively that actuaries have recorded significant savings in workers compensation costs in Illinois since the 2011 reforms."

Workers' compensation reform has been a priority of this administration since Governor Quinn took office in 2009. By working with business stakeholders and the General Assembly, Governor Quinn championed historic legislation that reformed the workers' compensation insurance industry and is allowing businesses to save hundreds of millions of dollars, driving economic growth throughout the state.

DOI has accepted the 5.5 percent drop in the advisory workers' comp rate for 2015 recommended by the National Council on Compensation Insurance. According to DOI, 70 percent of carriers adopted the advisory rate.

Department actuaries estimate the latest proposed reduction in workers' compensation advisory and loss cost rates could result in an overall reduction in premiums of up to \$143 million in 2015, with the total savings since the reforms were enacted of \$458 million.

"We're pleased Illinois' workers' compensation rates have dropped for the third straight year. The decline shows our reforms are working," DOI Director Andrew Boron said. "The lower rate will mean significant savings for Illinois employers. These savings support business growth and help protect workers."

The average rate change for the January 1, 2015 rate filing by Industry Groups are as follows:

- Manufacturing = -5.1 percent
- Contracting = -4.8 percent
- Office = -7.6 percent
- Good & Services = -5 percent
- Miscellaneous = -6.4 percent

Employers should contact their insurance agent prior to their 2015 renewal date to determine the impact on their premium.

Illinois Leads the Nation in Workers Comp Cost Savings

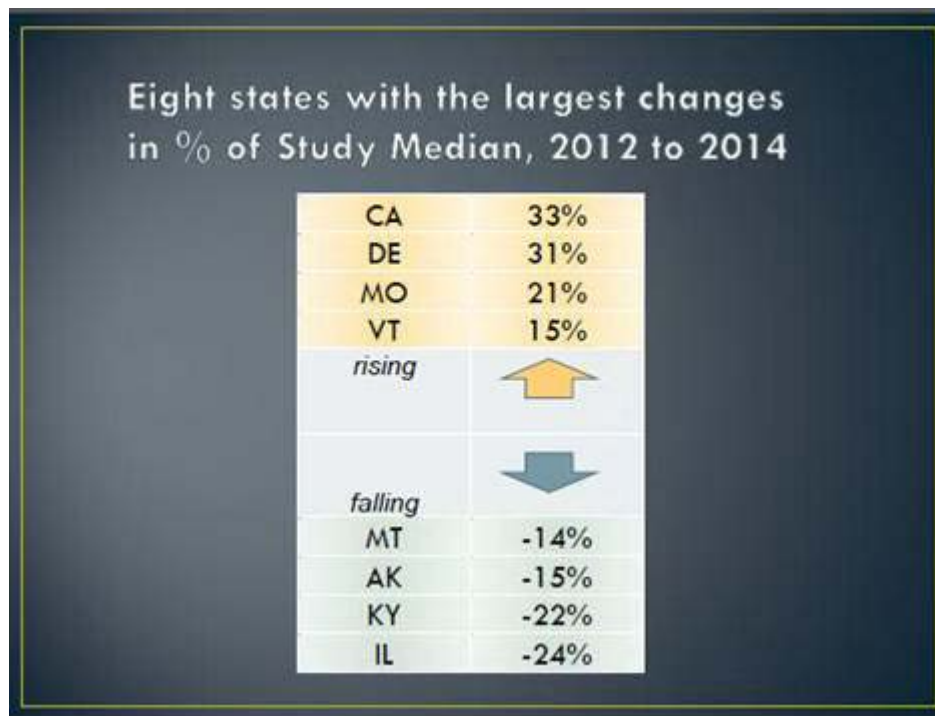


Chart courtesy of Oregon Department of Consumer and Business Services

About the Illinois Department of Insurance;

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. Consumers who have any questions or concerns about their insurance should contact the Department's Consumer Division at <http://insurance.illinois.gov> or call 866-445-5364.

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